



September 9, 2004

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a subsidiary of *Flying J Inc.* 

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

Re: Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128

Systems Audit Report by Independent Accountants on Compliance with Payphone Rules

Statement Identifying Persons Responsible for Handling Payphone Compensation Issues

Dear Ms. Dortch,

Pursuant to 47 C.F.R. Section 64.1320(b), as discussed in the Federal Communications Commission (Commission) Report and Order released on October 3, 2003 in the above docket, TON Services Inc. (TON) submits the attached Systems Audit Report including an independent accountants opinion on management's assertion of its compliance with payphone compensation rules.

Pursuant to 47 C.F.R. Section 64.1320(e), TON submits this statement listing contact information for persons responsible for handling payphone compensation and for resolving disputes with payphone service providers.

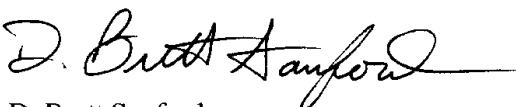
Primary contact: Billing Concepts, Inc.
Attention: Peggy Gaitin
7411 John Smith Drive, Suite 200
San Antonio, TX 78229
Telephone: (210) 949-7109

Secondary contact: TON Services Inc.
Attention: Kirt Sudweeks
4185 Harrison Blvd., Suite 301
Ogden, UT 84403
Telephone: (801) 624-4500

A copy of this statement is being sent to facilities based long distance carriers and payphone service providers identified in Section 64.1312(b) of the Commission's rules.

Please acknowledge receipt of this filing by date-stamping the extra copy of this cover letter and returning it to me in the self-addressed, stamped envelope enclosed for this purpose.

Sincerely,


D. Brett Sanford

No. of Copies rec'd 0
List ABCDE

Child, Sullivan & Company

Professional Corporation of CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS:

Douglas W. Child, CPA
Scott L. Farnes
Brian Sullivan, CPA
Marty Van Wagoner, CPA

PROFESSIONALS:

Cami Carlson
Kristina Chamberlain
Rich Egan, CPA
Keri Griffone
Nathan Johansen
John Larsen
Shelly McNamara
Natalie Murphy

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Independent Accountants' Report

The Board of Directors
TON Services Inc.:

We have examined management's assertion, included in the accompanying *Report of Management on Compliance with Applicable Requirements of Section 64.1310(a)(1) of the Federal Communications Commission's Rules and Regulations*, that TON Services Inc. (the Company) has designed and developed systems and procedures to comply with Section 64.1310(a)(1) of the Federal Communications Commission's (FCC's) Rules and Regulations in CC Docket No. 96-128. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that the Company complied with the aforementioned requirements is fairly stated in all material respects.

Child, Sullivan & Company

Kaysville, Utah
August 30, 2004

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**Report of Management on Compliance with Applicable Requirements of
Section 64.1310(a)(1) of the Federal Communications Commission's Rules and Regulations**

Management of TON Services Inc. (TON or the Company) is responsible for establishing and maintaining internal controls over its pay telephone call tracking system necessary for compliance with Section 64.1310 of the Federal Communications Commission (FCC) Report and Order in CC Docket No. 96-128, released on October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*.

Management has evaluated the Company's compliance with the applicable requirements of CC Docket No. 96-128 using the criteria in Section 64.1320(c) as the framework for the evaluation. Based on this evaluation, we assert that as of August 30, 2004, the Company complies with the applicable requirements of Section 64.1310 in all material respects as described below, which were operational effective July 1, 2004. TON provides the following information regarding its compliance.

TON is acknowledged as the Completing Carrier¹ in the following call scenario:

- Prepaid Calling Card

The assertions for TON are made starting with the initial point in call record processing at which TON has visibility to the call tracking data.

TON uses Billing Concepts, Inc. (BCI) for payphone compensation settlement. Certain assertions included in this report depend in whole or in part upon BCI performance. BCI has provided TON an independent third-party audit report to verify that effective controls and procedures relating to these assertions have been established and will be maintained by BCI. TON has not conducted an independent evaluation and makes these assertions based solely on the third-party audit report of BCI's operations. The third party audit firm used by BCI to conduct the audit of its controls and procedures is independent and separate from the firm used to conduct an examination of our assertions.

TON represents the following assertions where it is identified as the Completing Carrier:

A. TON's procedures accurately track calls to completion.

1. TON's definition of the "per-call rate" is in compliance with FCC rules.
2. TON's definition of a "Compensable Call" (payphone-originated call that completes over TON's network in which TON identifies itself as the Completing Carrier) is in compliance with FCC rules.
3. TON's definition of a "Completed Call" (call that is answered by the called party) is in compliance with FCC rules.

¹ As defined in the FCC Report and Order in CC Docket No. 96-128, released October 3, 2003, regarding *The Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, paragraph 64.1300(a), a Completing Carrier is a long distance carrier or switch-based long distance reseller that completes a coinless access code or subscriber toll-free payphone call.

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4. TON's systems are able to generate the following reports on a quarterly basis:
 - a. A list of the toll-free and access numbers dialed and completed from each Payphone Service Provider's (PSP's) payphones along with the Automatic Number Identification (ANI) for each payphone.
 - b. The volume of calls for each toll-free and access number that was completed by TON.
 - c. The name(s), address(es), and phone numbers) of the person(s) responsible for handling TON's payphone compensation.
 - d. The Carrier Identification Code (CIC) or trunk routing group of all facilities-based long distance carriers that routed calls to TON, categorized according to toll-free and access code numbers.
5. TON's data storage requirement is in compliance with FCC rules.
6. TON has procedures for identifying PSPs.
7. TON has procedures for validating payphone ANIs.

B. TON has a person or persons responsible for tracking, compensating and resolving disputes concerning payphone-completed calls.

1. TON has designated personnel responsible for drafting the business requirements associated with tracking, compensating and resolving disputes concerning payphone-compensated calls.
2. TON has designated personnel responsible for the development and maintenance of systems used in the collection and reporting of payphone call data.
3. TON has designated personnel responsible for the implementation and maintenance of procedures that are utilized in creating final compensation data sets.
4. TON has designated personnel who are responsible for developing compensation-tracking reports.
5. TON has designated personnel who are responsible for payphone compensation dispute resolution.

C. TON has effective data monitoring procedures.

1. TON has the ability to prepare quarterly reports on payphone call counts, PSP identities and numbers dialed and completed.
2. TON performs data-monitoring procedures on call record volumes entering the payphone compensation systems.

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3. TON performs fraud-monitoring procedures to identify potentially illegitimate payphone calls.

4. TON has the ability to investigate and resolve PSP disputes.

D. TON adheres to established protocols to ensure that any software, personnel or any other network changes do not adversely affect its payphone call tracking ability.

1. TON has security controls in place to control access to and monitor call-tracking data.

2. TON has security controls in place to control access to and monitor the payment disbursement system.

3. TON has a department that is responsible for making software changes that affect payphone compensation.

4. TON has established protocols to implement and test software changes affecting payphone compensation.

5. TON has application controls in place to ensure that network changes, external to payphone compensation, do not negatively impact payphone compensation.

E. TON creates a compensable payphone call file by matching call detail records against payphone identifiers.

1. TON utilizes switch data and database look-ups to populate the date, originating ANI, dialed number and aggregate data into a Compensable Call File.

2. TON uses payphone specific identifiers (info digits or ANI lists) to identify a compensable payphone call record.

3. TON applies validation and control procedures to compile the Compensable Call File.

F. TON has procedures to incorporate call data into required reports.

1. TON's systems are able to generate the following reports on a quarterly basis:

a. A list of the toll-free and access numbers dialed and completed from each PSP's payphones along with the ANI for each payphone.

b. The volume of calls for each toll free and access number completed by TON.

c. The name(s), address(es), and phone number(s) of the person(s) responsible for handling TON's payphone compensation.

d. The CIC or trunk routing group of all facilities-based long distance carriers that routed calls to TON, categorized according to toll-free and access code numbers.

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G. TON has implemented procedures and controls needed to resolve payphone compensation disputes.

1. TON maintains required payphone call-tracking data for at least the minimum number of months required by the FCC.
2. TON has the ability to investigate and resolve PSP disputes.
3. TON has designated personnel who are responsible for payphone compensation dispute resolution.

H. Critical controls and procedures have been implemented by TON to verify that errors are immaterial.

1. TON has procedures to identify payphone-originated calls.
2. TON has procedures to capture dial-around calls.
3. TON has procedures to exclude incomplete calls from the Compensable Call File.
4. TON has procedures to accurately populate call record data in the Compensable Call File.
5. TON has procedures to exclude commissioned calls from the Compensable Call File.

I. TON has in place adequate and effective business rules for implementing and paying payphone compensation, including rules used to: (i) identify calls originated from payphones; (ii) identify compensable payphone calls; (iii) identify incomplete or otherwise non-compensable calls; and (iv) determine the identities of the payphone service providers to which TON owes compensation.

1. TON has business rules that identify calls originated from payphones.
2. TON has business rules that identify compensable payphone calls.
3. TON has business rules that identify incomplete calls or otherwise non-compensable calls.
4. TON has business rules to determine the identities of the payphone service providers to which TON owes compensation.

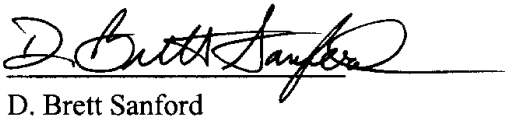
**Report of Management on Compliance with Applicable Requirements of
Section 64.1310(a)(1) of the Federal Communications Commission's Rules and Regulations**

Required Disclosures per 64.1320(d)

TON represents the following facts regarding its role as the Completing Carrier, in fulfillment of its obligations as specified at Section 64.1320(d):

1. TON's criteria for identifying calls originating from payphones include call record info-digit identification of 27, 29 or 70. In addition, originating ANI is also used to identify payphone-originated calls.
2. TON's criteria for identifying compensable payphone calls include all calls with info-digits 27, 29 or 70 (or with a payphone-identified originating ANI) and call duration greater than zero (0). Calls originating from payphones where TON has a separate compensation agreement in place are excluded from the Compensable Call File.
3. TON's criteria for identifying incomplete or otherwise non-compensable calls include: 1) calls that do not have info-digits 27, 29 or 70 (or that are not from a payphone-identified originating ANI), 2) calls with a duration of zero (0), or 3) calls that originate from payphones where TON has a separate compensation agreement in place.
4. TON's criteria used to determine the identities of the PSPs to which TON owes compensation are established by BCI, TON's clearinghouse for settlements.
5. The type of information that TON needs from the PSPs in order to compensate the PSPs is determined by BCI.

TON Services Inc.


D. Brett Sanford

Chief Financial Officer
August 30, 2004